Mr. Bruce 1952

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DEPARTMENT OF STATE

Memorandum of Conversation

CONFIDENTIAL SECURITY INFORMATION

DATE: December 17, 1952

SUBJECT: Industrial Controls in Germany

PARTICIPANTS: Mr. Bruce, Acting Secretary
Ambassador Bonnet, French Embassy
M. Ruffin, First Secretary of French Embassy
Mr. Riddleberger, GER
Mr. McBride, WE

COPIES TO: GER - Mr. Lewis
GEA
EUR - Mr. Bonbright
WE - Mr. R. B. Knight

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Ambassador Bonnet called at his request to inform us that he had received further personal instructions from Foreign Minister Schuman to express the very strong views of the French Government on the subject of the expiration on January 1 of the Industrial Controls Agreement for Germany. He said that we clearly could, by agreement among the US, UK and France, extend this agreement since the pertinent passage said that it was to terminate on January 1, 1953 or the date when the contractual agreements might come into effect, whichever was earlier, or by amendment agreed to by the three powers. He said that France was in effect asking for an amendment to permit such an extension. He said the Foreign Minister insisted that this was merely a question of revision of the Statutes insofar as legal consideration was concerned and that it also had political repercussions. He said that it was the latter he was stressing here. He said the point has been made that to continue the Agreement would be a blow to the German Government but that the French Government did not believe this to be the case since the Germans had never made any point of this argument. He said on the other hand termination of the Agreement would be another factor making French ratification of the EDC more difficult. He thought that continuation of the Agreement would be a pressure on the Germans to speed up their ratification procedure.

Ambassador Bonnet continued saying that what the French wanted was a continuation of the Agreement in effect until the contractual agreements became operative. He quoted certain figures which were designed to indicate that German industry, in this case the ship-building industry, was receiving substantial orders even under present conditions and he promised that France would follow a more liberal policy in placing orders in Germany in the future if the Agreement were continued.

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I inquired of the Ambassador if this question were now under discussion in Paris with the Secretary. Ambassador Bonnet stated that he thought that probably Mr. Schuman would take this matter up. Mr. Riddleberger said that the matter had been previously discussed by the Ambassador with him and our views had been conveyed to Paris. He asked if this represented the French Government's reply to the previous expression of our views. Ambassador Bonnet replied in the affirmative. Mr. Riddleberger stated that the Agreement under discussion was not one which had been made by HICOG but rather by the Governments concerned and that it had been difficult for us to have it continue in effect as long as this. He noted that steel had already been eliminated from consideration by the beginning of operation of the Schuman Plan. Mr. Riddleberger added that it seemed very important to him that this Agreement end at the present time and that security reasons for the continuation of the Agreement surely no longer existed because of the changed situation in Germany. He said that on the other hand he did not believe that continuation of the Agreement would be helpful in connection with the problem of German ratification of the EDC.

I informed the French Ambassador that the decision as it now stood was not to continue the Agreement but that if the French were planning to take it up with the Secretary in Paris, I would of course discuss it again with him upon his return and that our present decision could not of course be considered final until we knew the Secretary's reaction to the further French approach in Paris.

Ambassador Bonnet pointed out the unfortunate effects of termination at this time on the French Assembly and said that it was the French view that the repercussions of an extension in the German Parliament would be less serious than those of non-extension on the French.

In conclusion I told the Ambassador again that our present stand was against extension but that this was of course subject to any decision which the Secretary might make in Paris following his talk with Foreign Minister Schuman on this subject.

David Bruce

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